

Part: **Public Money and Property**  
 Section: **Accounts Receivable**  
 Subsection: **Control of Accounts Receivable**  
 Policy: **Write-off or Cancellation of Accounts Receivable**

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## Write-off or Cancellation of Accounts Receivable

### Objective

*The objective is to outline the requirements for the write-off or cancellation of accounts receivable.*

### Authority

*The Financial Administration Act, 1993, clauses 5(a) and 5(e), subsection 10(2) and section 22*

*The Revenue and Financial Services Act, clause 17(b) and subsection 18(1)*

### Applicability

This policy applies to the General Revenue Fund (GRF), and special purpose funds and trust money that are administered by ministries. See [Appendix C Public Money](#).

### Definitions

**Write-off** is an accounting entry to remove an amount from the Government's accounts receivable records. When a receivable is written off, the money is still legally due to the Crown and may be collected.

**Cancellation** is an adjustment of the amount due to the Crown. When a receivable is cancelled, the debt is extinguished and the Government waives the right to reinstate it. No further collection activity can be undertaken because the money is no longer due to the Crown.

### Treasury Board Policy

- .01 Ministries are to identify uncollectible receivables.
- .02 Accounts receivable are considered uncollectible when one or more of the following conditions exist:
  - The debtor is deceased and there is nothing available from the estate.
  - The anticipated cost of collection is greater than the expected recovery.
  - Extreme hardship will result if the account is collected.
  - The debt collection period specified in *The Limitations Act* or in any other applicable legislation has expired.
  - The collection procedures specified by the Provincial Comptroller have been followed but were unsuccessful.
- .03 For administrative efficiency, ministries can record a write-off less than \$500 after reasonable collection efforts and approval by the permanent head.

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- .04 Ministries can record a write-off of accounts receivable \$500 or greater only after the Board of Revenue Commissioners issues an approval minute.
- .05 Ministry requests to write off accounts receivable \$500 or greater pursuant to [The Revenue and Financial Services Act \(RFSA\)](#), clause 17(b) must be authorized by the permanent head and provide assurance that all reasonable means of collection have been exhausted.
- .06 Ministry requests to cancel a debt pursuant to clause 18(1)(c) of the RFSA must be authorized by the permanent head and provide assurance that all reasonable means of collection have been exhausted.
- .07 Ministries are to submit their requests for write-offs or cancellations in accordance with the Activity Schedule, which is found in [Section 3715 Collection Activities](#) and in accordance with the following:

**List of Approvals Required for Accounts Receivable Write-offs and Cancellations**

Amount	Approvals Required For:	
	Write-off	Cancellation
Less than \$500	<ul style="list-style-type: none"> <li>• Permanent Head</li> </ul>	<ul style="list-style-type: none"> <li>• Permanent Head</li> <li>• Board of Revenue Commissioners</li> </ul>
\$500 - \$5,000*	<ul style="list-style-type: none"> <li>• Permanent Head</li> <li>• Board of Revenue Commissioners</li> </ul>	
\$5,001 - \$10,000	<ul style="list-style-type: none"> <li>• Permanent Head</li> <li>• Secretary of Treasury Board</li> <li>• Board of Revenue Commissioners</li> </ul>	
Over \$10,000	<ul style="list-style-type: none"> <li>• Permanent Head</li> <li>• Treasury Board</li> <li>• Board of Revenue Commissioners</li> </ul>	

\* If the ministry believes there are implications that should be brought to the attention of Treasury Board, the ministry is to submit the request to the Secretary of Treasury Board.

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## Provincial Comptroller Directives

- Statutory Limitations** .08 When ministries are uncertain of the statutory limitations that apply to debt collection practices or deadlines, they should contact their Crown solicitor at the Ministry of Justice for clarification.
- Collection Activities after Write-off** .09 A ministry can elect to continue collection efforts after a receivable has been written off, however, the ministry should remove it from the control and subsidiary accounts. Ministries should maintain records of written off accounts.
- Casual Revenue** .10 When a ministry receives revenue relating to an account that has been written off, the revenue is to be coded to casual revenue.

## References

[3700 Control of Accounts Receivable](#)  
[3705 Credit Terms](#)  
[3710 Accounts Receivable Records](#)  
[3715 Collection Activities](#)  
[3720 Collection Agency Fees](#)

[Accounting Manual, Appendix A General Revenue Fund Year-end Procedures and Schedules](#)